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BIWEEKLY REPORT

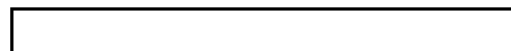
SINO-SOVIET BLOC ECONOMIC ACTIVITIES IN UNDERDEVELOPED AREAS

EIC-WGR-1/49

23 December 1957

**PREPARED BY THE WORKING GROUP
ON SINO-SOVIET BLOC ECONOMIC ACTIVITIES
IN UNDERDEVELOPED AREAS**

ECONOMIC INTELLIGENCE COMMITTEE



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Summary of Events
6 - 19 December 1957

A decision by Indonesia to seek \$250 million in arms and to accept arms from the Bloc was the most important event affecting the economic relations between the Sino-Soviet Bloc and the underdeveloped countries of the Free World during the period 6 - 19 December 1957.

Burma reportedly will accept a loan from the USSR for the construction of an agricultural implement factory and to facilitate development of two irrigation projects. Although there were indications that Burma is interested in purchasing arms from Czechoslovakia, it is unlikely that an agreement will be reached at this time.

The USSR has made two separate offers to Iran for the development of petroleum resources in northern Iran. These offers would involve the establishment of a joint oil company for which Iran would hold 51 percent of the stock and 75 percent of the profits.

According to press reports, the East German trade representative in Djakarta has asserted that his government is capable of replacing some of the departing Dutch manpower in Indonesia, specifically in the Garuda Indonesian Airways. Other Bloc activity in the Far East includes the signing by Japan and the USSR of a trade and payments agreement and a treaty of commerce and navigation.

A Syrian delegation departed for Moscow to negotiate the implementation of projects included in the economic assistance agreement of 28 October 1957. The Czechoslovak firm of Technoexport is progressing on schedule with basic construction work on the Homs petroleum refinery. Work began in mid-October 1957 and is scheduled to be completed by 1 July 1959.

The Argentine government was reportedly negotiating with a Hungarian official in Buenos Aires for the purchase of 300 railroad

- i -

S-E-C-R-E-T

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cars worth about \$20 million. Argentina is believed to be seeking terms involving credit running from 3 to 4 years, with a reciprocal Hungarian purchase of Argentine products. The Hungarians are reportedly considering the purchase of wheat, hides, and quebracho extract.

On 10 December, Czechoslovakia and Yugoslavia concluded a 1958 trade protocol in Prague calling for a 50-percent increase above the level of trade scheduled for 1957. A 3-year agreement was also signed for the period 1958-60.

- ii -

S-E-C-R-E-T

S-E-C-R-E-T

CONTENTS

	<u>Page</u>
I. Southeast Asia	1
A. Decision of Indonesian Cabinet to Seek Arms . . .	1
B. Bloc Responses to Indonesian Economic Needs . .	1
C. Burma	2
1. Loan to Burma by the USSR	2
2. Czechoslovak-Burmese Arms Discussions . .	2
II. Middle East	4
A. Reported Soviet Oil Offer to Iran	4
B. Syria	5
1. Departure of Syrian Delegation for Moscow . .	5
2. Czechoslovak Progress in Construction of Syrian Petroleum Refinery	5
III. Latin America	6
A. Argentine Negotiation for 300 Hungarian Railroad Cars	6
B. Chilean Attempt to Sell Copper Wire to the USSR .	7
IV. Far East (Soviet-Japanese Trade Agreements)	7
V. Europe (Conclusion of Long-Term Protocol Between Czechoslovakia and Yugoslavia	9

- iii -

S-E-C-R-E-T

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Next 9 Page(s) In Document Exempt

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